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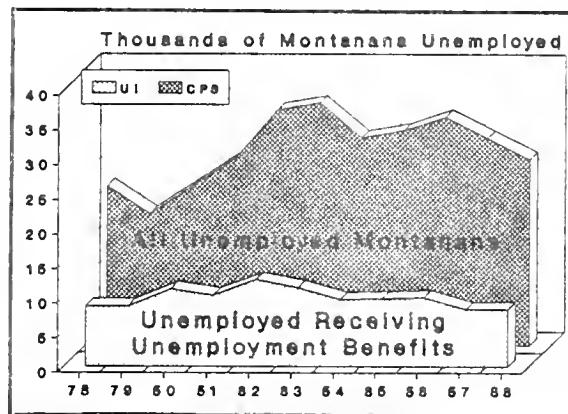
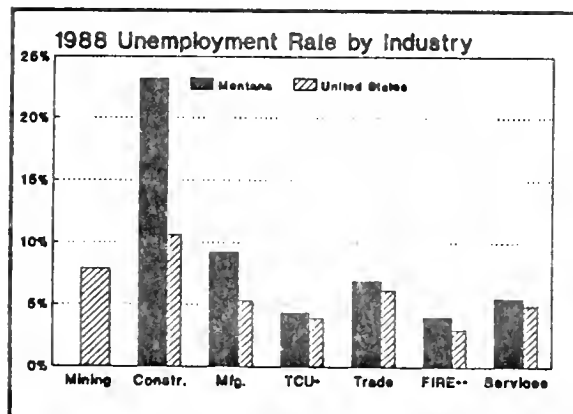
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# Mass Layoffs and Unemployment in Montana

What the Mass Layoff Statistics Program  
and the Current Population Survey Tell Us

November 1989

MONTANA'S 50-PLUS CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE BY REASON FOR SEPARATION, 1988			
Reason for Separation	Layoff Events	Separations	Initial Claimants for Unemployment Insurance
<b>Total, All Reasons</b>	<b>14</b>	<b>1,929</b>	<b>1,338</b>
Contract Completion	1	118	116
Labor-Management Dispute	3	270	245
Plant or Machine Repairs	1	150	125
Seasonal Work	8	1,261	724
Slack Work	1	130	128



Montana Department of Labor & Industry

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# **MASS LAYOFFS AND UNEMPLOYMENT IN MONTANA**

**What the Mass Layoff Statistics Program  
and the Current Population Survey tell us.**

**State of Montana**

**Stan Stephens, Governor**

**Department of Labor and Industry**

**Mike Micone, Commissioner**

**NOVEMBER 1989**

**For more information, contact:**

**Bob Rafferty, Chief  
Research and Analysis Bureau  
Montana Dept. of Labor and Industry  
P.O. Box 1728  
Helena, MT 59624  
Phone: (406) 444-2430 -**



## **ACKNOWLEDGEMENTS**

The information that Montana employers provide the Department of Labor and Industry is a crucial part of the labor market analysis process.

Thank you to all the employers who take the time to help us gather information. A special thank you to Big Sky Fabricators and Champion International for providing additional information for administrative records searches and for allowing us to publish the data for the benefit of all Montanans.

Working on this publication for the Department of Labor and Industry were John Zavalney, research specialist with the Mass Layoff Statistics program, and Julie Huntington, technical writer.



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# INTRODUCTION

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Many studies and reports are produced on Montana's employment outlook, but they rarely discuss the specifics of **unemployed** workers.

Using data collected from the **Mass Layoff Statistics (MLS)** program in 1988, this publication includes information on industries experiencing layoffs — and on the Montana workers laid off during those events. Information is also provided on programs created to help dislocated workers. In addition, **Current Population Survey (CPS)** information is included to provide background on general characteristics of **all** unemployed workers in Montana — not just those workers affected by mass layoffs.

Information contained in this publication is useful for analysis of the causes and magnitude of worker layoffs. It should be valuable to labor market analysts and employment program planners in developing plans to assist employers and workers affected by layoffs and plant closures. It should also be useful to state and local government officials, Job Service personnel, educators, business leaders and Job Training Partnership Act (JTPA) program providers. Data from the MLS program is also very important in the allocation of Economic Dislocation and Worker Adjustment Act (EDWAA) funds to Montana.

Mass layoff and unemployment statistics tell us a lot about Montana's economy and people. We hope this publication provides readers with valuable information about Montana's unemployed — and that it raises some questions also. Please feel free to ask questions, and to make suggestions about how we can expand on our labor market information concerning laid-off and unemployed workers.



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# MASS LAYOFF STATISTICS PROGRAM

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## Purpose

The Mass Layoff Statistics (MLS) program identifies, describes and tracks the impact of major job cutbacks on workers in Montana. Data collected provides a wealth of information on employment cutbacks – and the areas in Montana where cutbacks have resulted in unemployment. Data also provides information on the kinds of industries impacted, where in Montana they're located, and reasons for the layoffs.

In Montana, even small layoffs can result in severe hardships on affected communities. Information available from the MLS program is useful for analyzing the causes and magnitude of worker dislocation – especially in terms of human and economic costs to the people of Montana.

## Background

The program of data collection on Mass Layoff Statistics (MLS) was developed in 1984 in response to Section 462 (e) of the Job Training Partnership Act of 1982 (PL97-300). This legislation provides that the U.S. Secretary of Labor develop and maintain statistical data relating to permanent layoffs and plant closings.

The Secretary of Labor is mandated to publish a national report annually based on such data, including:

- the number of plant closings;
- the number of workers displaced;
- the locations of the affected facilities; and
- the types of industries involved.

The Montana Department of Labor and Industry was chosen as one of 26 pilot state employment security agencies to participate in the MLS program in 1986. The MLS

program has since grown to include the participation of 49 states and the District of Columbia. It is expected that the program will achieve full state participation by 1990.

## Data Collection

Information on mass layoffs is developed initially from Montana's unemployment insurance (UI) database. Data is collected using a standardized, automated approach for identifying establishments which have had **at least 20 initial unemployment insurance claims** filed against them during a **consecutive 3-week period**.

Telephone calls are made to the identified establishments to find out if a permanent layoff or plant closing has occurred. A **permanent layoff** is a layoff which **lasts more than 30 days**. A plant is considered closed if the employer **plans to close, is closing or has closed the plant**.

When layoffs occur, the number of laid-off workers is compared with the number of those laid off who make initial claims for unemployment insurance (**initial claimants**). The continued impact of a layoff is then monitored by tracking the number of laid-off workers who continue to file for UI benefits (**continued claimants**) in the months following layoff events—along with the number of affected workers who have exhausted their UI benefits (**exhaustees**).

In sparsely-populated states such as Montana, even small layoffs can have a tremendous impact on communities. The Montana MLS program maintains and reports data on layoffs in categories of establishments with **20-49 layoffs**, and **50-plus layoffs**. Both categories are discussed in this publication.

Information from continued and exhausted UI claims accounts provides general information about those workers who have had difficulty finding re-employment.

It should be noted that numbers collected from unemployment insurance files will usually be lower than the actual numbers of workers displaced by layoffs and plant closings. This is because some separated workers do not file for unemployment insurance benefits because:

- They are not eligible for benefits.
- They are transferred to another job location.
- They quickly find other employment.
- They choose not to file for benefits.

## 50-Plus Layoffs Category

### Overview

In 1988, Montana's MLS program identified 12 business establishments that had each laid off at least 50 workers over a 3-week period. Claims for unemployment insurance

benefits were filed by 69 percent of the 1,929 laid-off Montana workers — compared to a national UI filing rate of 78 percent. Montana's lower claims rate may be due to a higher-than-average use of seasonal and part-time workers in Montana.

## Industry Distribution of Layoffs

The incidence of mass layoffs in **manufacturing** industries exceeds that of any other major industry grouping in Montana. Nearly half of Montana's total non-agricultural layoffs in 1988 were in manufacturing industries — even though only 7 percent of the state's non-agricultural workers were employed in manufacturing that year.

**MONTANA'S 50-PLUS CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE BY INDUSTRY, 1988**

Industry	Establishments	Layoff Events			Separations	Initial Claimants for Unemployment Insurance
		Total	New	Related to Prior Layoffs		
<b>Total, Nonagriculture</b>	<b>12</b>	<b>14</b>	<b>12</b>	<b>2</b>	<b>1,929</b>	<b>1,338</b>
<b>Manufacturing</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>933</b>	<b>743</b>
Durable Goods	5	5	4	1	588	547
Nondurable Goods	2	2	2	0	345	196
<b>Nonmanufacturing</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>996</b>	<b>595</b>
Mining	1	1	1	0	135	133
Construction	1	3	2	1	261	228
Transp. & Public Utilities	2	2	2	0	420	138
Services	1	1	1	0	180	96

Montana's manufacturing industry layoffs compare very closely with national layoff figures — where slightly more than half of the layoffs were in manufacturing industries.

Manufacturing industry activity is divided into 2 categories — durable goods manufacturing and nondurable goods manufacturing.

Nondurable goods are manufactured goods that are expected to be in use for less than 3 years. All of the 1988 layoffs in Montana's **nondurable goods manufacturing** sector were in **sugar manufacturing**.

Durable goods are those manufactured goods that are expected to be in use for longer than 3 years. The bulk of 1988 layoffs in Montana's **durable goods manufacturing** industries were in the lumber and wood products industry.

<b>MONTANA'S 50-PLUS CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE IN MANUFACTURING, 1988</b>				
<b>Industry</b>	<b>Establishments</b>	<b>Layoff Events</b>	<b>Separations</b>	<b>Initial Claimants for Unemployment Insurance</b>
<b>Total Manufacturing</b>	<b>7</b>	<b>7</b>	<b>933</b>	<b>743</b>
<b>Durable Goods</b>	<b>5</b>	<b>5</b>	<b>588</b>	<b>547</b>
Lumber & Wood Products	4	4	470	431
Miscellaneous Manufacturing	1	1	118	116
<b>Nondurable Goods</b>	<b>2</b>	<b>2</b>	<b>345</b>	<b>196</b>
Food & Kindred Products	2	2	345	196

About one-third of the **lumber and wood products** industry layoffs occurred when a Western Montana lumber mill closed for modernization. The plant was scheduled to reopen in late 1989, but a reduced workforce will be returning because of technical improvements in the manufacturing process.

Another plant that closed in Western Montana was involved in manufacturing **fabricated rubber products** under a federal government contract, which had not been renewed at the time this publication went to press. The closure resulted in the layoff of 125 workers — 70 percent of them women.

The **non-manufacturing** industry with the most layoffs in 1988 was Montana's **transportation** industry. Many of the laid-off workers, however, were temporary or part-time workers hired to drive school buses or deliver Christmas packages. Only one-third of them filed and qualified for initial UI benefits—partly because many Montana school bus drivers (1) drive buses as a second job, (2) are retired workers, or (3) are college students.

**Mining and construction** industry layoffs were mainly the result of winter workforce reductions, and 91 percent of these laid-off workers applied for UI benefits.

Within the state's **service** industries, the MLS program noted layoffs of school employees in 1 school district. A 1987 change in UI benefits eligibility laws for school employees has reduced recent UI claims. Numerous school employee layoffs are not tracked by the MLS program because the laid-off employees (1) have contracts with their school districts, or (2) they know they are not eligible for benefits, and consequently do not file for UI benefits.

## Reasons for Layoffs

“Seasonal work” was cited most often by Montana employers as the reason for 50-plus category layoffs in 1988. In fact, seasonal layoffs accounted for two-thirds of these 1988 layoffs. Nationally, seasonal layoffs accounted for only one-third of total separations in 1988.

<b>MONTANA'S 50-PLUS CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE BY REASON FOR SEPARATION, 1988</b>			
<b>Reason for Separation</b>	<b>Layoff Events</b>	<b>Separations</b>	<b>Initial Claimants for Unemployment Insurance</b>
<b>Total, All Reasons</b>	<b>14</b>	<b>1,929</b>	<b>1,338</b>
Contract Completion	1	118	116
Labor-Management Dispute	3	270	245
Plant or Machine Repairs	1	150	125
Seasonal Work	8	1,261	724
Slack Work	1	130	128

"Labor-management disputes" were the reason behind the next largest layoff count in 1988—with a 6-week dispute noted within the construction industry, and a 3-month dispute noted within the lumber and wood products industry.

One-fifth of Montana's 1988 layoffs were due to "contract completion," "plant repair" or "slack work," according to employers.

## Claimant Characteristics

The MLS program obtains most of its information on the characteristics of laid-off workers at 2 points in time: (1) when laid-off workers initially file for unemployment benefits; and (2) when claimants exhaust their regular UI benefits.

There were 356 UI benefit exhaustees reported in the 50-plus Montana layoffs group during 1988. Nearly half of these people had been involved in a coal mine labor dispute that began in October 1987.

Comparisons between the characteristics of initial claimants and benefit exhaustees provide general information on those workers who had greater difficulty re-entering the labor market. Benefit exhaustees have not necessarily been on 1 layoff for a full 26 weeks, however, because they may have depleted whatever benefits they were entitled to during previous layoff events.

In Montana, workers over the age of 55 had some increased difficulty in 1988 with unemployment and finding re-employment as the following tables show, although they had slightly less difficulty than their counterparts did nationally.

<b>NATIONAL DATA FROM 41 STATES ON UI CLAIMANT CHARACTERISTICS OF 50-PLUS CATEGORY LAYOFFS, 1988</b>		
<b>Characteristic</b>	<b>Initial Claimants</b>	<b>Exhaustees</b>
Percent Women	40.8%	22.2%
Percent Over Age 55	12.6%	13.3%

<b>MONTANA DATA ON UI CLAIMANT CHARACTERISTICS OF MONTANA'S 50-PLUS CATEGORY LAYOFFS, 1988</b>		
<b>Characteristic</b>	<b>Initial Claimants</b>	<b>Exhaustees</b>
Percent Women	26.8%	17.7%
Percent Over Age 55	9.7%	12.1%

Montana had a lower percentage of women applying for initial UI benefits and exhausting UI benefits than the nation did—as the tables also illustrate. The most obvious explanation of this difference is that Montana's industry makeup differs from the national picture. Montana has less manufacturing industry employment and, consequently, a lower incidence of manufacturing layoffs that affect many women nationally.

In addition to the number of initial claimants and workers who exhaust their UI benefits, another measure of the impact of layoffs is the number of continued claimants. These are jobless people who certify to unemployment and receive benefits after filing initial claims.

Continued claims information is useful in tracking the claims against an individual company throughout the year. Montana's MLS program also uses this information to find out if claimants had any part-time earnings while they were obtaining UI benefits.

## 20-49 LAYOFFS CATEGORY

### Overview

Montana's MLS program also monitors and reports layoffs affecting 20-49 workers because layoffs of this size can have a big effect on Montana communities. (NOTE: Since not all states monitor layoffs of fewer than 50 people, national data for the 20-49 layoffs category is incomplete and not published. Therefore, national comparisons with Montana's 20-49 layoffs data are not included in this publication.)

In Montana, 36 business establishments were associated with the layoffs of 2,368 people during 41 layoff events in the 20-49 layoffs category during 1988. Fifty-three percent of the laid-off workers filed claims for unemployment insurance.



## Industry Distribution of Layoffs

Only 16 percent of the separations in the 20-49 layoffs category were in manufacturing industries, with the bulk of these layoffs taking place in **lumber and wood products** businesses, and **ready-mixed concrete** firms. Of these laid-off manufacturing workers, 78 percent filed and qualified for UI benefits.

### MONTANA'S 20-49 CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE BY INDUSTRY, 1988

Industry	Establish-ments	Layoff Events			Separa-tions	Initial Claimants for Unem-employment Insurance
		Total	New	Related to Prior Layoffs		
<b>Total, Nonagriculture</b>	<b>36</b>	<b>41</b>	<b>36</b>	<b>5</b>	<b>2,368</b>	<b>1,259</b>
<b>Manufacturing</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>2</b>	<b>374</b>	<b>290</b>
Durable Goods	7	9	7	2	321	270
Nondurable Goods	1	1	1	0	53	20
<b>Nonmanufacturing</b>	<b>28</b>	<b>31</b>	<b>28</b>	<b>3</b>	<b>1,994</b>	<b>969</b>
Mining	3	4	3	1	136	106
Construction	10	10	10	0	685	336
Transp. & Public Utilities	2	2	2	0	115	53
Services	13	15	13	2	1,058	474

### MONTANA'S 20-49 CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE IN MANUFACTURING, 1988

Industry	Establish-ments	Layoff Events	Separa-tions	Initial Claimants for Unemployment Insurance
<b>Total Manufacturing</b>	<b>8</b>	<b>10</b>	<b>374</b>	<b>290</b>
<b>Durable Goods</b>	<b>7</b>	<b>9</b>	<b>321</b>	<b>270</b>
Lumber & Wood Products	2	3	140	121
Miscellaneous Manufacturing	1	1	28	26
Ready-mix Concrete	4	5	153	123
<b>Nondurable Goods</b>	<b>1</b>	<b>1</b>	<b>53</b>	<b>20</b>
Food & Kindred Products	1	1	53	20

**Construction** and **lodging** businesses accounted for the majority of layoffs in non-manufacturing industries. Some of the layoffs occurred on construction projects that used temporary workers, resulting in a low rate of eligibility for unemployment benefits.

The **hotels and lodging places** laying off 20-49 workers in 1988 were involved in winter recreation, and many of the laid-off workers were part-time and temporary employees — also resulting in a low rate of UI eligibility. Other service industry layoffs were mainly due to school year closings in areas such as contract transportation businesses and Head Start programs.

## Reasons for Layoffs

“Seasonal work” was the reason cited for 65 percent of the layoffs in the 20-to-49 layoffs category. Many of the businesses involved in seasonal layoffs have historically had about the same number of layoffs each year. They include **sugar manufacturing**, **construction** and **mining** businesses.

MONTANA'S 20-49 CATEGORY MASS LAYOFF EVENTS, SEPARATIONS AND INITIAL CLAIMANTS FOR UNEMPLOYMENT INSURANCE BY REASON FOR SEPARATION, 1988			
Reason for Separation	Layoff Events	Separations	Initial Claimants for Unemployment Insurance
Total, All Reasons	41	2,368	1,259
New Ownership	1	50	25
Contract Completion	7	539	251
Labor-Management Dispute	1	40	26
Seasonal Work	28	1,543	812
Slack Work	1	30	20
Materials Shortage	2	113	105
Domestic Relocation	1	53	20

“Contract completion” was the reason cited for 23 percent of the layoffs.

Together, “seasonal work” and “contract completion” accounted for nearly 9 out of 10 layoffs in the 20-49 layoffs category during 1988.

“Material shortage” was the reason cited for 2 manufacturing layoff situations involving a total of 113 laid-off workers — 93 percent of whom filed for UI benefits.

## Claimant Characteristics

Laid-off workers in the 20-49 layoffs group who exhausted their UI benefits in 1988 were involved with the construction industry more than any other industry. Claimants had benefits exhausted twice as much in the first half of the year as compared to the last half of the year — probably because many of the claimants had been laid off in 1987, and their UI eligibility ran out in 1988.

Only 1 out of 10 laid-off workers earned any wages while claiming continued UI benefits, which shows that part-time work was not common among those drawing unemployment benefits.

## COMPARISONS BETWEEN 50-PLUS and 20-49 LAYOFFS CATEGORIES

Layoffs in the 20-49 layoffs category accounted for 3 times as many businesses, and nearly one-fourth more separations than the 50-plus layoffs category.

Only about one-half of those people laid off in the 20-49 layoffs category applied, and qualified, for unemployment benefits — compared to nearly three-fourths of those laid off in the 50-plus category. This is probably because more temporary and part-time workers — who did not qualify for benefits — were included in the 20-49 layoffs category.

Initial UI claims were about the same among women and people over the age of 55 in both layoff categories. The 20-49 layoffs group exhausted U.I. benefits at a slightly higher rate than the 50-plus category, indicating that workers in the 20-49 group had more difficulty in returning to work than their counterparts in the 50-plus group.

UI CLAIMANT CHARACTERISTICS OF 20-49 CATEGORY LAYOFFS IN MON-TANA, 1988		
Characteristic	Initial Claimants	Exhaustees
Percent Women	23.8%	26.4%
Percent Over Age 55	10.7%	16.3%

UI CLAIMANT CHARACTERISTICS OF 50-PLUS CATEGORY LAYOFFS IN MON-TANA, 1988		
Characteristic	Initial Claimants	Exhaustees
Percent Women	26.8%	17.7%
Percent Over Age 55	9.7 %	12.1%

The 50-plus layoffs category was hit harder by manufacturing layoffs than the smaller layoffs group. Half of the 50-plus layoff events took place in manufacturing industries — affecting almost half of all the laid-off workers in the 50-plus group. Only one-fourth of the 20-49 layoff events took place in manufacturing — affecting only 16 percent of the laid-off workers in the 20-49 group.

More workers were affected by construction layoffs in the 20-49 layoffs category than the larger layoffs group. One-fourth of the 20-49 layoff events took place in the

construction industry — affecting nearly 30 percent of all the laid-off workers in the 20-49 group. Just one-fifth of the 50-plus layoff events took place in construction — affecting only 14 percent of all the displaced workers in the 50-plus group.

Employers cited “seasonal work” as the reason for 65 percent of layoffs in both the 20-49 and 50-plus categories. “Labor-management dispute” layoffs were more common in the 50-plus layoffs category. “Contract completion” layoffs were more common in the 20-49 category, with a good portion of those layoffs taking place in the construction industry.

## ADMINISTRATIVE RECORDS SEARCHES

### Keeping Track of Laid-Off Workers

The Montana MLS program has developed an administrative records search process to find out what has happened to workers who have lost their jobs in selected layoff situations.

An administrative records search involves making a **quarterly search** of unemployment insurance benefits files to determine if workers laid off in selected layoffs have found jobs in Montana or are still receiving unemployment insurance benefits.

If a worker has found a job, the administrative records search finds: (1) what industry the job is in, (2) where the job is located, (3) how many weeks were worked in a quarter, and (4) how much the job pays. Comparisons can then be made between a worker’s former and present job.

If a worker is still receiving unemployment insurance benefits, the administrative records search is able to determine for a specific week in each quarter: (1) where the worker lives and (2) the type of industry he or she last worked in.

When an administrative records search does not yield any recent information on workers, it often means that laid-off workers have: (1) separated from the labor force, (2) left Montana, (3) recently exhausted their UI benefits, or (4) are working in employment not subject to unemployment insurance coverage.

Administrative records searches have been done in the past on workers laid off during plant closures in Montana of a lumber mill, a meat packing plant, a copper mine, a copper smelter and a copper refinery. (The 1986 Plant Closure Study publication that presented the findings of these 5 administrative records searches is available from the Department of Labor and Industry’s Research and Analysis Bureau.)

Montana MLS analysts considered doing administrative records searches in 1989 in connection with 2 manufacturing plant closures in Western Montana—the temporary April 1988 closure of a Bonner sawmill for remodeling, and the December 1988 closure of a Polson-area rubber fabricating plant.

## **Champion International Corporation**

It was decided not to complete a records search of the Champion International lumber mill closure at Bonner when it became apparent that most of the laid-off workers would be able to return to work either at the remodeled lumber mill or at other Champion International work sites in Montana.

The Bonner sawmill closed temporarily for plant modernization in April 1988, resulting in the layoff of 150 workers. Champion reported that 85 workers would eventually be rehired to work in the remodeled lumber mill—and another 50 of the laid-off workers would be able to return to work at other Champion work sites in Montana.

Champion also had plans to permanently shut down its close-by Missoula lumber mill after the upgraded Bonner sawmill's scheduled reopening in September 1989. Champion employees, however, have been negotiating with the company about a proposed employee buyout of the Missoula plant. If the plan goes through, the employee-run plant would operate with a scaled-back operation and far fewer workers.

The closed Big Sky Fabricators plant, however, had no immediate plans to reopen—and the results of the administrative records search of laid-off plant workers follows.

## **Big Sky Fabricators**

### **Background**

Big Sky Fabricators is a rubber-fabricating manufacturing firm located near Polson, Montana that has been on Montana's UI tax files since October 1979.

Employment ranged from 20-50 workers from 1983 through mid-1987. At that time employment surged to about 140 workers when the firm procured a government contract for manufacturing military field kits. Employment stayed at that level until the government contract expired and the firm closed in December 1988. Out of the 125 workers who were laid off from November 1988 through January 1989, 70 percent were women.

The firm continued to seek other government contracts, but had not yet procured one as of September 1989.

## UI Records Search

An administrative records search was conducted on **second-quarter 1989** UI data to track 97 laid-off Big Sky Fabricators workers.

Of the 97 laid-off workers tracked:

- 31 showed wage records.
- 26 were still drawing UI benefits in mid-June 1989.
- 40 showed no employment **and** no UI benefits, however 19 of the 40 had only recently exhausted their UI benefits.

## New Employment Location

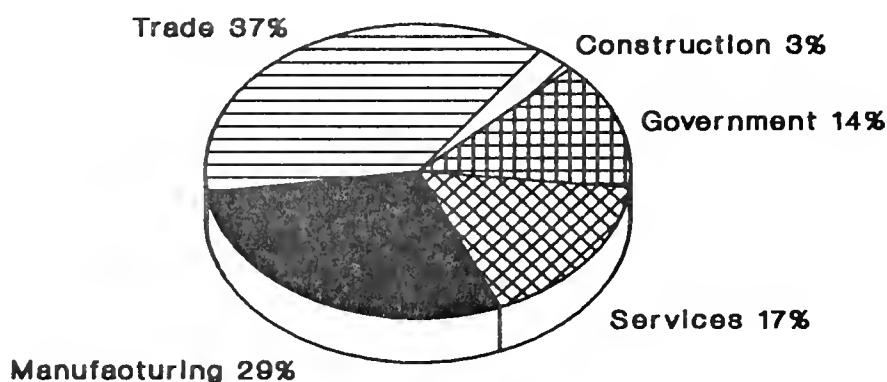
Where specific county locations of the separated workers could be identified through UI wage records, 80 percent found employment in Lake County, and 20 percent found employment with businesses operating in more than one county. Most of these multi-county businesses, however, employ workers in Lake County. Therefore, nearly all of the identified workers apparently stayed close to home.

## Wage Data

Wage information from UI tax records indicate that Big Sky Fabricators employees, including management, averaged \$230 per week in wages. Those laid-off employees who found re-employment averaged only \$165 per week in wages – with nearly one-half earning under \$100 per week. Wage data indicates, however, that two-thirds of the displaced Big Sky Fabricators employees worked part-time – or fewer than 12 weeks out of the 13-week study period.

## Industry Data

Seventy percent of the laid-off workers were women. As the following pie chart illustrates, re-employment shifted away from manufacturing to trade, service and government sectors – with 2 out of 3 new jobs obtained in those sectors.



## **Benefits Claims Data**

Many unemployment and employment studies are done during the week that includes the 12th day of the month. In order to maintain consistency, UI benefits information was taken from the benefits week ending June 17, 1989. If no wage records are found during an administrative records search, then a UI benefits search is done.

Just as with the wage data, UI benefits data revealed that most of the separated Big Sky Fabricators employees stayed close to home. Out of 26 claimants, 23 were found to be residing in Lake County – and the other 3 were living in neighboring counties.

Sixty-five percent of the claimants were female.

About 50 percent of the laid-off workers were drawing UI benefits in March 1989 – dropping to 20 percent by mid-June 1989. Also, 19 laid-off workers exhausted their UI benefits during the second quarter of 1989.

MLS analysts appreciate the cooperation of Champion International, Big Sky Fabricators and other Montana employers who have helped make administrative records searches possible by providing the necessary information about mass layoffs and plant closures. The information they provide is an essential part of mass layoffs research.

## **CONCLUSIONS**

Dramatic seasonal changes in Montana's weather cause Montana's unemployment to increase during the cold, winter months. Some Montana industries also use short-term employment during their busiest times of the year.

Fully two-thirds of the workers laid off in mass layoffs were laid off because of "seasonal work" according to employers. Most layoffs identified by Montana's MLS program will continue to occur regardless of economic conditions in the state, and seasonal employers consistently lay off about the same number of workers every year.

The only 1988 layoff event monitored by the MLS program that resulted in a large number of separated workers facing long-term re-employment difficulty was the Big Sky Fabricators plant closure near Polson in December 1988. The administrative records search of those laid-off workers found that they: (1) tended to stay in the Polson area, and (2) usually made lower earnings when they were able to find new jobs.

One trend that started in 1988, and is more pronounced in 1989, is the increased number of layoffs in the lumber-and-wood products industry attributed to "material shortages" by employers. Many of the factors contributing to this log shortage will probably continue into 1990.

It appears that laid-off manufacturing workers have the most difficulty finding new jobs:

- Manufacturing facilities are often difficult to convert for the production of other marketable products.
- Manufacturing job skills are not readily transferable to any available job — or to a job with comparable pay.
- Female workers are often forced to take more traditional jobs that pay less than manufacturing jobs.

Finally, some layoffs do not cause as much economic damage as expected:

- When a Lewistown gypsum manufacturing firm announced its closure and laid off 50 workers, many of the laid-off workers were either transferred to other jobs with the firm — or found work with a mining operation that located at the vacated gypsum plant.
- About 50 workers laid off when a petroleum exploration office in Billings halved its work force were transferred to other firm offices, or received severance pay and generally did not file for unemployment insurance benefits.
- Only about one-fourth of the 100 employees laid off when a hospital closed in Missoula filed for UI benefits — and very few were drawing benefits 6 months later. It appears that the laid-off workers had job skills that were marketable.



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# HELP FOR DISLOCATED WORKERS

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## Dislocated Worker Protection

Dislocated workers in Montana are protected by several federal laws that require advance notification of mass layoffs and provide funding for dislocated worker assistance programs:

- **The Worker Adjustment and Retraining Notification Act (WARN)** was designed to protect U.S. workers from sudden mass layoffs, and went into effect February 4, 1989. It requires employers of 100 or more workers to give at least 60 days advance notice of a plant closing or mass layoff if they plan to close a facility or operating unit with 50 or more workers. In Montana, employers must give written notice at least 60 days in advance to: (1) each employee or an employee's union representative; (2) the Governor; and (3) Montana's Dislocated Worker Unit, which is attached to the Montana Department of Labor and Industry's Employment Policy Division.

Written notice does **not** need to be given when employees were told when hired that their employment would be temporary or seasonal — or when a strike or lockout occurs in the normal course of collective bargaining. This federal legislation also makes allowances for “unforeseeable business circumstances” and natural disasters.

**In compliance with WARN legislation, Montana has developed a rapid response delivery system designed to respond within 48 hours to layoff and plant closing notifications. Montana Job Service personnel will travel to affected communities to plan and coordinate services for employers and dislocated workers.**

- **The Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)** replaces Title III of the Job Training Partnership Act, and provides funding to state dislocated worker programs. There are no

income requirements, and eligible dislocated Montana workers can be served by EDWAA funded programs which provide skills evaluation, career counseling, job training and retraining, and job seeking skills. Relocation assistance and on-the-job training are also available.

- The Trade Adjustment Assistance Act (TAA) provides for assistance to U.S. workers who lose jobs due to foreign trade competition.

## **Who to Contact**

For more information on programs to help dislocated Montana workers quickly re-enter the labor force, contact:

**The Montana Dislocated Worker Unit  
Employment Policy Division  
Montana Department of Labor and Industry  
P.O. Box 1728  
Helena, MT 59624  
(406) 444-4500.**

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# GENERAL UNEMPLOYMENT INFORMATION

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## Background

Approximately 1,000 households are surveyed each month in Montana along with 55,000 other households around the United States as part of the **Current Population Survey (CPS)**.

These monthly population surveys are conducted through a scientifically-selected sample – and survey results yield valuable information about the unemployed in Montana and the rest of the nation.

The following CPS unemployment information is intended as **general information about all unemployed** people in Montana. It applies **both** to those out of work because of mass layoffs – **and** to all other unemployed Montanans. Most of it is based on 1988 annual averages.

**Remember:** The following CPS unemployment data is taken from a sampling of **all unemployed** – not just those unemployed because of mass layoffs.

## Unemployment Rate by Industry

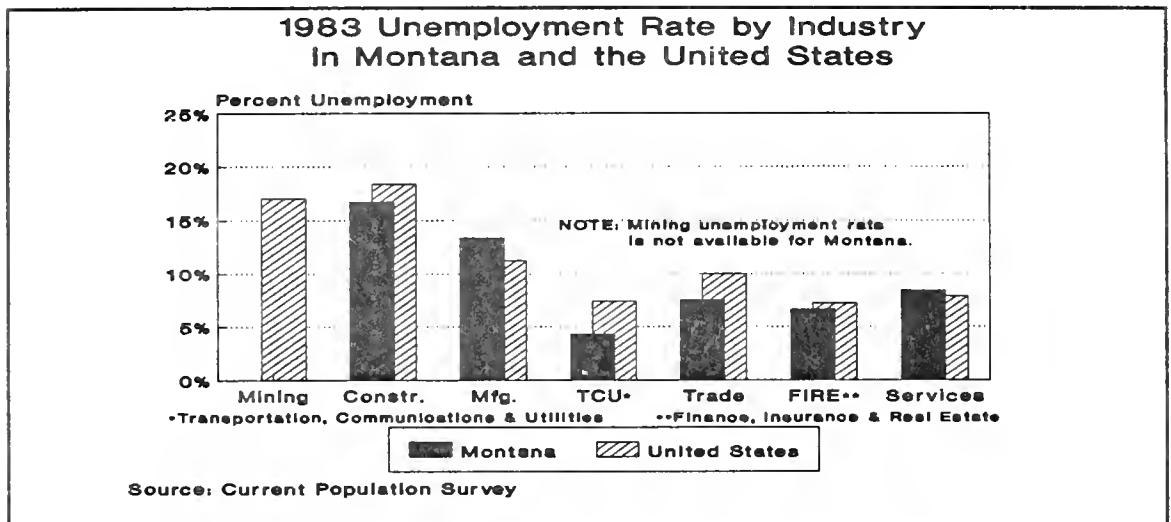
Unemployment rates differ widely between industry groups in Montana – with the state's **construction** industry showing the highest rate of unemployment – and the **finance, insurance and real estate** industry showing the lowest rate.

The **construction** industry's high unemployment is largely due to weather-related layoffs and the completion of construction projects. Montana's **manufacturing** industry is also noted for many weather-related, or seasonal, layoffs.

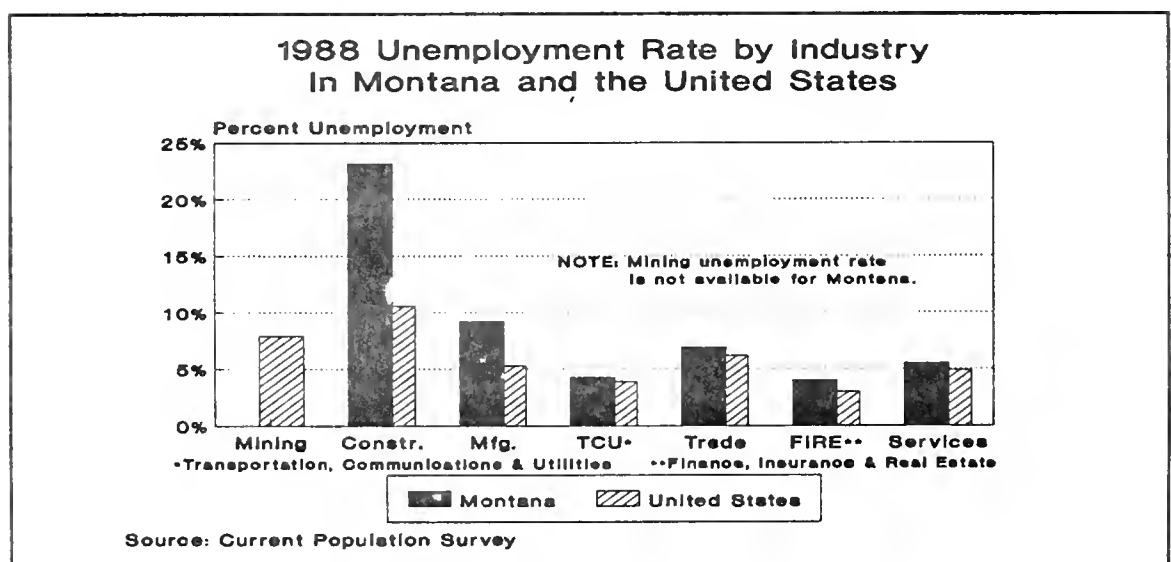
Mid-range unemployment is evident in the **trade** industry, caused by seasonal work and high voluntary job separations.

Lower unemployment is found within 3 Montana industry groups: **finance, insurance and real estate; transportation, communications and utilities; and services.** These industry groups are known for relatively stable, year-round employment.

Since 1984, Montana's overall unemployment has been higher than the national average. Montana's **construction and manufacturing** industries have shown the greatest variation with national unemployment rates, largely due to the seasonal layoffs which traditionally occur in Montana. The state's other industries show smaller deviation from the national unemployment rates.



Montana's **construction** industry, however, experienced lower unemployment during the recession year of 1983 than the construction industry did nationally. This was because the industry was sheltered from the national recession by massive power plant and interstate highway construction projects that were not affected by the recession.



# Unemployment Rates for Men and Women

Unemployment rates in the 1960s and 1970s were much higher for adult women than men. In the past few years, however, the male-female unemployment rate difference has become negligible. Possible reasons for this could be:

- The biggest growth among Montana's industries is in service industries, and these industries offer more opportunities for women workers.
- Women are showing a stronger tendency to full-time employment, and a reduced tendency to leave the labor force when their children are young.
- More part-time and temporary workers are being utilized in the labor force, and women are also involved in this trend.

UNEMPLOYMENT RATES OF MEN AND WOMEN IN MONTANA AND U.S. ANNUAL AVERAGES 1980 - 1988						
Year	Montana			United States		
	Overall	Female	Male	Overall	Female	Male
1980	6.0%	6.5%	5.6%	7.1%	7.4%	6.8%
1981	6.9%	7.6%	6.5%	7.6%	7.9%	7.2%
1982	8.6%	9.4%	8.6%	9.7%	9.4%	9.7%
1983	8.8%	8.5%	9.1%	9.6%	9.2%	9.7%
1984	7.4%	8.0%	7.0%	7.5%	7.6%	7.3%
1985	7.7%	8.1%	7.4%	7.2%	7.4%	6.9%
1986	8.1%	7.3%	8.7%	7.0%	7.1%	6.8%
1987	7.4%	6.9%	7.8%	6.2%	6.2%	6.1%
1988	6.8%	6.6%	6.9%	5.5%	5.5%	5.3%

## Duration of Unemployment

In Montana, post-recession economic activity has reduced the total unemployed from 35,000 in 1983—to 27,000 in 1988. However, the length of time workers remain unemployed has not changed much. The percentage of persons who remain unemployed for more than 6 months has actually increased slightly in the past few years.

Nationally, the long-term unemployed percentage was cut in half between 1983 and 1988. The current proportion of workers encountering such extreme job market difficulties is still high, by historical standards, for this far into an economic expansion. The plight of dislocated workers continues to pose a long-term challenge for our society.

## DURATION OF UNEMPLOYMENT OF UNEMPLOYED IN MONTANA AND THE UNITED STATES, 1983 AND 1988

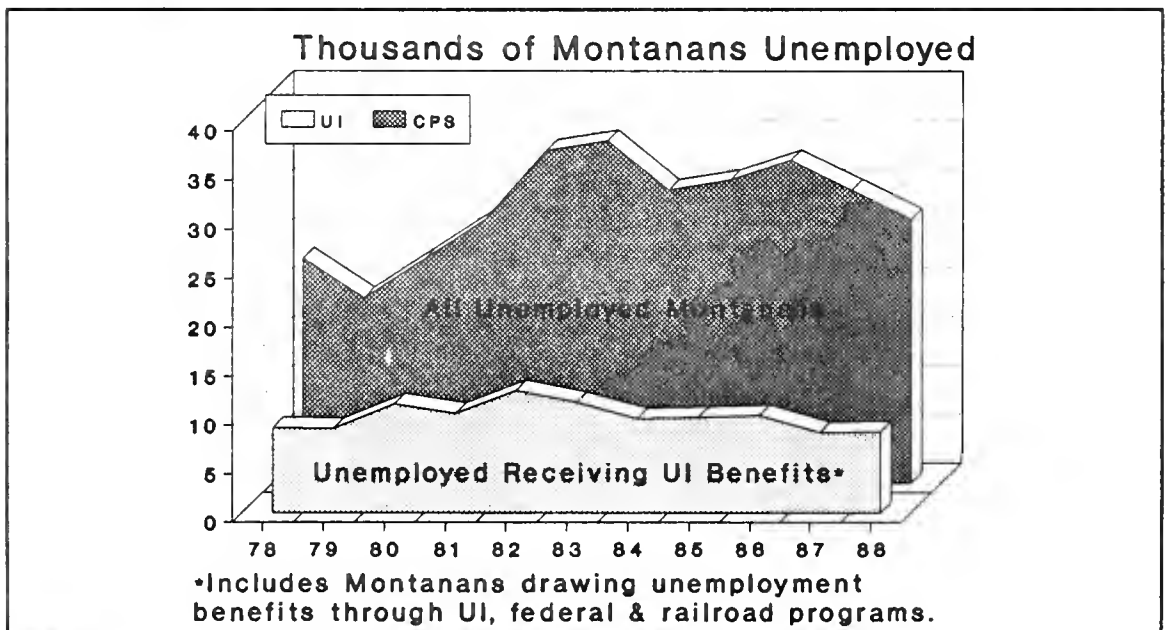
Duration	Montana		United States	
	1983	1988	1983	1988
Less than 5 weeks	36%	39%	33%	46%
5 to 14 weeks	34%	30%	28%	30%
15 weeks and over	30%	31%	39%	24%
27 weeks and over	15%	16%	24%	12%

## Unemployed Drawing UI Benefits

It is generally understood that the Montana unemployment rate measures the level of unemployed persons in Montana. Many people mistakenly believe, however, that only those unemployed workers receiving unemployment insurance (UI) benefits are counted as unemployed. In reality, slightly less than one-third of Montana's unemployed have been UI claimants in recent years—down from slightly less than one-half in 1980.

Possible reasons for the reduced UI claimant portion of the unemployed in Montana are:

- Stricter eligibility laws and automated screening methods have limited the number of unemployed who qualify for UI benefits.
- Many workers are employed for reduced time periods, and are consequently eligible for fewer weeks of UI benefits.
- More permanent layoffs are occurring.



The decreasing percentage of UI claimants among the unemployed has also been occurring nationally. A recent study by 2 Princeton University economists attributes the drop, in part, to a growing incidence of eligible workers who fail to apply for benefits. ("Recent Trends in Insured and Uninsured Unemployment: Is There an Explanation?" by Rebecca Blank and David Card, National Bureau of Economic Research Working Paper Series 2871, 1989.) MLS program data will hopefully help to come up with a definitive explanation of why UI claimants have become a declining factor in the unemployment count.

## Reasons for Unemployment

Two major post-recession trends in unemployment are apparent in both Montana and the nation:

- There has been a slight increase in the proportion of unemployed workers who **left** their last job.
- There has been a decrease in the proportion of unemployed workers who **lost** their last job.

STATUS OF UNEMPLOYMENT AMONG TOTAL MONTANA UNEMPLOYED, 1983 - 1988					
Year	Total Unemployed	Job Losers	Job Leavers	Re-entrants	New Entrants
1983	35,000	55%	10%	28%	7%
1984	30,000	47%	10%	37%	6%
1985	31,000	38%	10%	42%	10%
1986	33,000	46%	10%	36%	8%
1987	30,000	47%	8%	38%	7%
1988	27,000	46%	13%	33%	8%

STATUS OF UNEMPLOYMENT AMONG TOTAL UNITED STATES UNEMPLOYED, 1983 - 1988				
Year	Job Losers	Job Leavers	Re-entrants	New Entrants
1983	58%	8%	23%	11%
1984	52%	10%	26%	12%
1985	50%	11%	27%	12%
1986	49%	12%	26%	13%
1987	48%	13%	27%	12%
1988	46%	15%	27%	12%

Such trends are usually considered signs of labor market health. In periods of economic uncertainty, however, the 2 trends reverse direction:

- More workers are forced into unemployment because of industry cutbacks — becoming job **losers**.
- Fewer workers voluntarily give up their jobs — becoming job **leavers**.



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## GLOSSARY

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**Administrative Records Search** - A process used by Montana's Mass Layoff Statistics program to determine if workers laid off in selected layoff situations have found jobs in Montana or are still receiving unemployment insurance benefits.

**Continued Claimant** - A person who has certified for, and who receives Unemployment Insurance (UI) benefits after filing an initial claim.

**Covered Employment** - Employment covered by Unemployment Insurance programs.

**Current Population Survey (CPS)** - Monthly survey conducted by the Bureau of the Census for the U.S. Department of Labor's Bureau of Labor Statistics. Gathers information on employment and unemployment, occupation, industry, age, sex, race and marital status from a scientific sampling of U.S. households.

**Dislocated Worker** - A person who has lost job because of technological change, reduction in workforce, plant closure or changing labor demands – and is unlikely to find the same kind of employment in the same geographic area.

**Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)** - Replaces Title III of the Job Training Partnership Act (JTPA), and provides funding to state dislocated worker programs. Any dislocated worker can be served by EDWAA-funded programs which provide skills evaluation, career counseling, job training and retraining, and job seeking skills.

**Establishment** - A unit at a single physical location at which predominantly one type of economic activity is conducted.

**Exhaustee** - A person who has used up all Unemployment Insurance benefits entitled to within a benefit year.

**Initial Claimant** - A person who files notice of unemployment to initiate a request for unemployment insurance compensation. The Mass Layoff Statistics (MLS) program only considers those who **qualify** for benefits as initial claimants.

**Job Training Partnership Act (JTPA)** - Was established by Congress to replace the Concentrated Employment Act (CETA) in job search, placement, relocation and training assistance. Each state designs local plans for JTPA programs through a Private Industry Council (PIC).

**Local Area Unemployment Statistics (LAUS)** - A program run in cooperation with the U.S. Bureau of Labor Statistics that measures employment, unemployment, the Civilian Labor Force and the unemployment rate on county and state levels.

**Layoff** - The separation of persons from an employer as part of a mass layoff event. Such layoffs involve both persons subject to recall, and those whose employment is terminated by the employer.

**Layoff Event** - Under national Permanent Mass Layoff guidelines, a layoff event involves 50 or more initial claims for unemployment insurance benefits from an establishment during a consecutive 3-week period — with at least 50 workers separated from their jobs for more than 30 days. **In Montana, layoffs of 20-49 workers are also monitored and reported.**

**Mass Layoff Statistics (MLS) Program** - Formerly known as the Permanent Mass Layoff and Plant Closing (PMLPC) program. Monitors and studies layoffs by monitoring unemployment insurance claims and studying layoffs in which 50 or more initial claims are filed against an employer within a 3-week period. **The Montana MLS program also monitors and reports layoffs of 20-49 workers.**

**Permanent Layoff Event** - A layoff event that is expected to last 30 days or more.

**Separated Worker** - An individual who has become separated from his or her work during a layoff event.

**Temporary Layoff Event** - A layoff event that is expected to last fewer than 30 days.

**Trade Adjustment and Assistance Act (TAA)** - Established by Congress to provide for assistance to U.S. workers who lose jobs due to foreign trade competition.

**Unemployment Insurance (UI)** - Supplemental payment to workers who are temporarily unable to find work due to an imbalance in labor market forces.

**Worker Adjustment and Retraining Notification Act (WARN)** - Established by Congress to protect U.S. workers from sudden mass layoffs. It requires that employers of 100 or more workers give advance notice of a plant closing or mass layoff that affects 50 or more workers.



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